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URBAN LEAGUE OF GREATER NEW ORLEANS, INC.

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/14/10

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Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Urban League of Greater New Orleans, Inc.

We have audited the accompanying statement of financial position of the **Urban League of Greater New Orleans, Inc. (the League)** as of June 30, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the League's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Urban League of Greater New Orleans, Inc.** as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT

(CONTINUED)

To the Board of Directors
Urban League of Greater New Orleans, Inc.

In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2010, on our consideration of the **Urban League of Greater New Orleans, Inc.**'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the **Urban League of Greater New Orleans, Inc.** taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audit of States, Local Governments and Non Profit Organizations, and is not a required part of the basic financial statements. The accompanying schedule of unrestricted revenue and expenses by program is also presented for the purpose of additional information and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 26, 2010

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS

Assets:	
Cash and cash equivalents (NOTE 1)	\$ 93,892
Short-term investment	3,329
Prepaid expenses	57,387
Promises to give (NOTE 15)	545,421
Due from funding agencies	290,286
Land, building and equipment, net (NOTES 1 and 3)	3,255,880
Endowment fund	<u>19,406</u>
Total assets	\$ <u>4,265,601</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 91,276
Accrued liabilities	39,795
Advance from funding source	28,062
Due to National Urban League	9,234
Revolving line of credit (NOTE 5)	250,000
Long term debt (NOTE 4)	<u>681,421</u>
Total liabilities	<u>1,099,788</u>
Net assets (NOTE 1):	
Unrestricted	2,600,986
Temporarily restricted (NOTE 11)	545,421
Permanently restricted (NOTE 11)	<u>19,406</u>
Total net assets	<u>3,165,813</u>
Total liabilities and net assets	\$ <u>4,265,601</u>

The accompanying notes are an integral part of these financial statements.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>REVENUES AND PUBLIC SUPPORT</u>				
Revenues and public support:				
Federal grants	\$ 607,738	\$ -0-	\$ -0-	\$ 607,738
State and local grants	609,149	-0-	-0-	609,149
United way funding (NOTE 15)	86,147	92,512	-0-	178,659
Board generated self-support	226,941	-0-	-0-	226,941
Client generated self-support	141,104	-0-	-0-	141,104
Contribution revenue (NOTE 3)	1,100,000	-0-	-0-	1,100,000
Interest income	2,084	-0-	-0-	2,084
Other revenue	46,091	-0-	-0-	46,091
In-kind contributions (NOTE 12)	95,968	-0-	-0-	95,968
Realized losses on investments	-0-	-0-	(3,255)	(3,255)
Net assets released from restrictions (NOTE 10):				
Satisfaction of purpose restrictions	<u>531,557</u>	<u>(531,557)</u>	<u>-0-</u>	<u>-0-</u>
Total revenues and public support	<u>3,446,779</u>	<u>(439,045)</u>	<u>(3,255)</u>	<u>3,004,479</u>
 <u>EXPENSES</u>				
Program services:				
Economic development	639,727	-0-	-0-	639,727
Education and Social Justice	<u>777,811</u>	<u>-0-</u>	<u>-0-</u>	<u>777,811</u>
Total program services	<u>1,417,538</u>	<u>-0-</u>	<u>-0-</u>	<u>1,417,538</u>
Support Services:				
Management and general	1,048,939	-0-	-0-	1,048,939
Resource development	<u>200,188</u>	<u>-0-</u>	<u>-0-</u>	<u>200,188</u>
Total support services	<u>1,249,127</u>	<u>-0-</u>	<u>-0-</u>	<u>1,249,127</u>
Total expenses	<u>2,666,665</u>	<u>-0-</u>	<u>-0-</u>	<u>2,666,665</u>
Change in net assets	780,114	(439,045)	(3,255)	337,814
Net assets, beginning of year	<u>1,820,872</u>	<u>984,466</u>	<u>22,661</u>	<u>2,827,999</u>
Net asset, end of year	<u>\$ 2,600,986</u>	<u>\$ 545,421</u>	<u>\$ 19,406</u>	<u>\$ 3,165,813</u>

The accompanying notes are an integral part of these financial statements.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>SUPPORT SERVICES</u>			<u>PROGRAM SERVICES</u>			
	Agency Total	Total Support Services	Management and General	Resource Development	Total Program Services	Economic Development	Education and Social Justice
<u>EXPENSES</u>							
Compensation expenses	\$ 1,401,179	\$ 766,977	\$ 694,828	\$ 72,149	\$ 634,202	\$ 212,226	\$ 421,976
Occupancy expenses	141,646	41,038	33,863	7,175	100,608	43,211	57,397
Professional fees and contracts	290,891	97,159	84,826	12,333	193,732	146,115	47,617
Food	12,024	-	-	-	12,024	-	12,024
Travel and transportation	26,682	15,437	14,703	734	11,245	262	10,983
Gala expenses	94,606	94,606	-	94,606	-	-	-
Supplies	58,804	22,829	20,648	2,181	35,975	15,048	20,927
Equipment rental	22,352	6,705	5,587	1,118	15,647	6,706	8,941
Printing and copying	20,529	6,158	5,132	1,026	14,371	6,159	8,212
In-kind costs	95,968	-	-	-	95,968	31,783	64,185
Other direct program expenses	300,867	79,611	76,330	3,281	221,256	140,386	80,870
Interest	53,412	53,412	53,412	-	-	-	-
Bad debt	36,006	31,685	31,685	-	4,321	4,321	-
Total expenses before depreciation	<u>2,554,966</u>	<u>1,215,617</u>	<u>1,021,014</u>	<u>194,603</u>	<u>1,339,349</u>	<u>606,217</u>	<u>733,132</u>
Depreciation	<u>111,699</u>	<u>33,510</u>	<u>27,925</u>	<u>5,585</u>	<u>78,189</u>	<u>33,510</u>	<u>44,679</u>
Total expenses	<u>\$ 2,666,665</u>	<u>\$ 1,249,127</u>	<u>\$ 1,048,939</u>	<u>\$ 200,188</u>	<u>\$ 1,417,538</u>	<u>\$ 639,727</u>	<u>\$ 777,811</u>

The accompanying notes are an integral part of these financial statements.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

Cash Flows From Operating Activities:	
Change in net assets	\$ 337,814
Adjustment to reconcile change in net assets to net cash used in operating activities:	
Depreciation	111,699
Realized loss on investment	3,254
Donated land included in revenue	(1,100,000)
Changes in assets and liabilities:	
Decrease in promises to give	439,044
Increase in grants receivable	(67,403)
Increase in advance from funding agencies	28,062
Increase in prepaid	(11,145)
Decrease in accounts payable	(307,430)
Decrease in accrued liabilities	(23,380)
Increase in due to National Urban League	<u>9,234</u>
Net cash used in operating activities	<u>580,251</u>
Cash Flows from Investing Activities:	
Purchases of investment	(113)
Acquisition of building improvements and equipment	<u>(387,743)</u>
Net cash used by investing activities	<u>(387,856)</u>
Cash Flows from Financing Activities:	
Proceeds from long-term debt/line of credit	369,844
Principal payments on long-term debt/line of credit	<u>(120,120)</u>
Net cash provided by financing activities	<u>249,724</u>
Net decrease in cash and cash equivalents	(718,383)
Cash and cash equivalents - beginning of year	<u>812,275</u>
Cash and cash equivalents - end of year	<u>\$ 93,892</u>
Supplemental Disclosures:	
Noncash investing transaction:	
Acquisition of land	\$ 1,100,000
Cost of land	(1,100,000)
Interest paid	\$ 53,412

The accompanying notes are an integral part of these financial statements.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities

The **Urban League of Greater New Orleans, Inc. (the League)** provides training in the areas of job skills and parenting skills, as well as provides basic education to eligible participants that reside in the New Orleans area.

Basis of Accounting

The financial statements of the **League** have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The **League** follows the accounting procedures and practices for not-for-profit organizations established by the American Institute of Certified Public Accountants as published in the Industry Audit Guide on "Not-for-Profit Organizations", which constitutes accounting principles generally accepted in the United States of America.

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No.117, the **League** is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions Recognition

Contributions received are recorded as unrestricted, temporarily, or permanently restricted support, depending on the existence or nature of donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Donated Materials and Services

Donated materials and supplies, which are utilized in several of the League's programs, are recorded at their estimated fair value when received.

Donated services provided by volunteers, which require specialized skills and are provided by individuals possessing those skills, are recognized at their fair value when received. Those services donated by volunteers which do not meet all of the applicable requirements of SFAS No. 116 are not recognized in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Revenue Recognition

For federal and state grants administered on a cost reimbursement basis, revenue is recognized as expenses are incurred.

Allocation of Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, program and support service expenses are specifically identified with or allocated to the League's various functions. Expenses requiring allocation include service provided by the League's management and administrative staff to specific program-related activities. Expense allocations are prorated based on a percentage of time or actual usage.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - **NATURE OF ACTIVITIES AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:**

Federal Income Taxes

The League is exempt from Federal income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

Allowance for Bad Debts

The League uses the allowance method to provide for uncollectible accounts. At June 30, 2009, the allowance was \$ -0-. Uncollectible amounts have been historically insignificant.

Land, Building and Equipment

Except land, building and equipment purchased or acquired are capitalized at cost. **The League's** policy is to capitalize all purchases for fixed assets in excess \$1,000. Depreciation is computed using the straight-line basis over the useful lives of assets as follows:

Building and improvements	27.5 years
Equipment and vehicles	5-7 years

Cash and Cash Equivalents

For the purpose of the statement of cash flows, **the League** considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - ECONOMIC DEPENDENCY:

A significant source of revenue for **the League** is federal and state grants provided through various funding agencies. The continued success of **the League** is dependent upon the renewal of contracts from current funding sources as well as obtaining new funding from various funding sources. At the time of completion of the audit of **the League's** financial statements, management was not aware of any actions taken that would adversely affect the amount of funds **the League** will receive in the next fiscal year.

NOTE 3 - LAND, BUILDING AND EQUIPMENT:

As of June 30, 2009, **the League** held the following fixed assets:

Land (contributed)	\$ 1,100,000
Land - office facilities	472,640
Building and building improvements	1,823,270
Vehicles	15,912
Furniture and equipment	<u>103,427</u>
Sub-total	3,515,249
Less: accumulated depreciation	<u>(259,369)</u>
Total	<u>\$ 3,255,880</u>

Depreciation expense for year ended June 30, 2009 amounted to \$111,699.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - LONG TERM DEBT:

A summary of long term debt as of June 30, 2009 is as follows:

7.50% note payable to bank due in monthly installments of \$4,431 including principal and interest, maturing on August 14, 2021, secured by first mortgage on real estate. \$429,231

Working capital line of credit payable to a bank maturing on November 17, 2011, payable in two (2) annual consecutive principal payments of \$100,000 each, beginning December 17, 2009, during which interest continues to accrue using an interest rate of 6% based on a year of 360 days secured by pledge donation by a private foundation. 235,215

Two (2) unsecured lines of credit from a bank at 19.80% in the total amount of \$8,000. The unused lines of credit amounted to \$6,220 subject to the terms of the related agreements. 1,780

Five (5) unsecured lines of credit from a bank at 12.25% in the total amount of \$20,000. The unused lines of credit amounted to \$4,805 subject to the terms of the related agreements. 15,195

Total long term debt \$681,421

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - LONG TERM DEBT, Continued:

Scheduled principal repayments on the long term debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 145,284
2011	123,733
2012	56,504
2013	27,561
2014	37,168
Thereafter	<u>291,171</u>
	<u>\$ 681,421</u>

NOTE 5 - REVOLVING LINE OF CREDIT:

At June 30, 2009, **the League** has a 45.00% revolving line of credit payable to a bank due on demand with an unpaid balance of \$250,000. The line of credit is secured by real estate.

NOTE 6 - PENSION PLAN:

The League sponsors a defined contribution pension plan. Under the plan, **the League** contributes ten percent (10%) of each eligible employee's salary. Contribution expenses during the year ended June 30, 2009 was \$70,288.

NOTE 7 - OPERATING LEASE AGREEMENTS:

The League leases space at one location for its Early Head Start Program and various items of equipment at its main office. The lease of space is renewed annually and the lease of equipment is renewed on a monthly basis. Lease expense for the year ended June 30, 2009, consisted of the following:

Administrative - Equipment	\$ 20,361
Program service - Space	<u>19,200</u>
Total	<u>\$ 39,561</u>

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - COMMITMENTS:

The League has various lease agreements for equipment and facilities under operating leases expiring at various dates through June 30, 2010. There were no other outstanding commitments as of June 30, 2009.

NOTE 9 - PLEGGED COLLATERAL:

At June 30, 2009, the League has a \$1,500,000 collateral mortgage on the building with a bank.

NOTE 10 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS:

Net assets were released from donor restrictions during the year ended June 30, 2009 by incurring expenses satisfying the purpose restrictions as follows:

Gala event	\$ 94,606
Building improvements	<u>436,951</u>
Total	<u>\$ 531,557</u>

NOTE 11 - RESTRICTED NET ASSETS:

Restricted net assets consisted of the following purposes as of June 30, 2009:

Temporarily Restricted Net Assets:

Temporarily restricted net assets consisted of the following amounts:

Building improvements	\$ <u>452,909</u>
Total	<u>\$ 452,909</u>

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - RESTRICTED NET ASSETS, Continued:

Permanently Restricted Net Assets:

Permanently restricted net assets are subject to donor-imposed restrictions that the principal be invested in perpetuity. Permanently restricted net assets consist of an endowment fund of \$19,406.

NOTE 12 - IN-KIND CONTRIBUTIONS AND COSTS RECOGNIZED:

As a condition of certain grants received by **the League**, **the League** must provide a portion of the costs of the programs. To satisfy these conditions, the funding agencies will accept in-kind contributions from volunteers and certain other contributions. The accompanying financial statements include in-kind contributions in revenues and expenses. The breakdown of in-kind contributions recognized is as follows:

Other	<u>\$ 95,968</u>
Total	<u>\$ 95,968</u>

NOTE 13 - FEEES AND GRANTS FROM GOVERNMENTAL AGENCIES:

The League has contracted with several governmental agencies to provide community and family services, and employment and economic development programs. Under the contracts, the governmental agencies reimburse **the League** based upon **the League's** allowable costs, to provide the services to program beneficiaries.

Revenues derived from the governmental agencies are subject to audit and adjustment by government auditors before any settlement amounts become final. Any adjustments made by governmental auditors are reported in the year of the audit. Management does not expect any material adjustments to allowable program costs and the related estimated settlement.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 14 - RISK MANAGEMENT:

The League is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets for which **the League** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 15 - PROMISES TO GIVE:

As of June 30, 2009, promises to give represent support from private companies and individuals related to the capital campaign and other restricted purposes totaling \$452,909. These amounts are recognized as temporarily restricted revenue in the year promised in accordance with SFAS Nos. 116 and 117. The amounts are deemed collectible and available from the following sources:

Private companies and individuals	\$452,909
United Way Services funding for the next fiscal year	<u>92,512</u>
Total	<u>\$545,421</u>

NOTE 16 - CONCENTRATION OF CREDIT RISK:

The League maintains cash balances at six local banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The FDIC insurance increased from \$100,000 to \$250,000 expiring on December 31, 2009.

The League also maintains an account with a stock brokerage firm. The account contains primarily money market funds. Balances are insured up to \$500,000 with a limit of \$100,000 for cash by the Securities Investor Protection Corporation.

NOTE 17 - EVALUATION OF SUBSEQUENT EVENTS

The League has evaluated subsequent events through March 26, 2010, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE</u>	<u>GRANT/ CONTRACT NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF AGRICULTURE Passed-through State of Louisiana, Department of Education Child and Adult Care Food Program	27-041	10-558	\$ 14,019
Total U.S. Department of Agriculture			14,019
U.S. DEPARTMENT OF LABOR Passed-through National Urban League Urban Youth Empowerment Program	N/A	17-263	15,959
Total U.S. Department of Labor			15,959

See Independent Auditors' Report on the Schedule of Expenditures of Federal Awards

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE</u>	<u>GRANT/ CONTRACT NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. SMALL BUSINESS ADMINISTRATION Direct Award Women Business Ownership Program	SBAHQ-06-W-0035	59.043	\$ <u>94,795</u>
Total U.S. Small Business Administration			<u>94,795</u>
U.S. DEPARTMENT OF EDUCATION Passed-through State of Louisiana, Department of Education 21 st Century	CFMS 677740	84.287c	<u>5,006</u>
Total U.S. Department of Education			<u>5,006</u>

See Independent Auditors' Report on the Schedule of Expenditures of Federal Awards

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE</u>	<u>GRANT/ CONTRACT NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Passed-through Total Community Action Early Head Start (Parent Child Center)	06CH0473	93.600	\$ 277,019
Total U.S. Department of Health and Human Services			277,019
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Passed-through Louisiana Department of Economic Development LA Small Business Technical Assistance Program	CFMS 650740	14.228	185,050
Passed-through City of New Orleans Community Development Block Grant - YES -Urban League - Child Care Services	CDH50-289(09)	14.218	15,890
Total U.S. Department of Health and Human Services			200,940
Total Expenditures of Federal Awards			\$ 607,738

The above schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

See Independent Auditors' Report on the Schedule of Expenditures of Federal Awards

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SCHEDULE OF UNRESTRICTED REVENUE AND EXPENSES BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2009

	<u>SUPPORT SERVICES</u>			<u>PROGRAM SERVICES</u>			
	<u>Agency Total</u>	<u>Total Support Services</u>	<u>Management and General</u>	<u>Resource Development</u>	<u>Program Services</u>	<u>Economic Development</u>	<u>Education and Social Justice</u>
REVENUE							
Federal grants	\$ 607,738	\$ -0-	\$ -0-	\$ -0-	\$ 607,738	\$ 296,761	\$ 310,977
State and local grants	609,149	77,373	77,373	-0-	531,776	281,776	250,000
Board generated self-support	226,941	226,941	-0-	226,941	-0-	-0-	-0-
Client generated self-support	141,104	13,604	13,604	-0-	127,500	-0-	127,500
Contributed revenue	1,100,000	1,100,000	1,100,000	-0-	-0-	-0-	-0-
Interest income	2,084	2,084	2,084	-0-	-0-	-0-	-0-
Realized gain (loss) on investment	(3,255)	(3,255)	(3,255)	-0-	-0-	-0-	-0-
Other revenue	46,091	45,626	45,626	-0-	465	465	-0-
In-kind contributions	<u>95,968</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>95,968</u>	<u>31,783</u>	<u>64,185</u>
Total self-generated revenue	<u>2,825,820</u>	<u>1,462,373</u>	<u>1,235,432</u>	<u>226,941</u>	<u>1,363,447</u>	<u>610,785</u>	<u>752,662</u>
United Way funding for next year	92,512	-0-	-0-	-0-	92,512	-0-	92,512
United Way funding	<u>86,147</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>86,147</u>	<u>-0-</u>	<u>86,147</u>
Grand total revenue	<u>\$ 3,004,479</u>	<u>\$ 1,462,373</u>	<u>\$ 1,235,432</u>	<u>\$ 226,941</u>	<u>\$ 1,542,106</u>	<u>\$ 610,785</u>	<u>\$ 931,321</u>

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE II
Page 2 of 2

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SCHEDULE OF UNRESTRICTED REVENUE AND EXPENSES BY PROGRAM, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

	SUPPORT SERVICES			PROGRAM SERVICES			
	Agency Total	Total Support Services	Management and General	Resource Development	Total Program Services	Economic Development	Education and Social Justice
EXPENSES							
Compensation expenses	\$ 1,401,179	\$ 766,977	\$ 694,828	\$ 72,149	\$ 634,202	\$ 212,226	\$ 421,976
Occupancy expenses	141,646	41,038	33,863	7,175	100,608	43,211	57,397
Professional fees and contracts	290,891	97,159	84,826	12,333	193,732	146,115	47,617
Food	12,024	-0-	-0-	-0-	12,024	-0-	12,024
Travel and transportation	26,682	15,437	14,703	734	11,245	262	10,983
Gala Expenses	94,606	94,606	-0-	94,606	-0-	-0-	-0-
Supplies	58,804	22,829	20,648	2,181	35,975	15,048	20,927
Equipment rental	22,352	6,705	5,587	1,118	15,647	6,706	8,941
Printing and copying	20,529	6,158	5,132	1,026	14,371	6,159	8,212
In-kind costs	95,968	-0-	-0-	-0-	95,968	31,783	64,185
Other direct program expenses	300,867	79,611	76,330	3,281	221,256	140,386	80,870
Bad debt	36,006	31,685	31,685	-0-	4,321	4,321	-0-
Interest	53,412	53,412	53,412	-0-	-0-	-0-	-0-
Total expenses before depreciation	2,554,966	1,215,617	1,021,014	194,603	1,339,349	606,217	733,132
Net Difference	\$ 449,513	\$ 246,756	\$ 214,418	\$ 32,338	\$ 202,757	\$ 4,568	\$ 198,189
Depreciation	\$ 111,699	\$ 33,510	\$ 27,925	\$ 5,585	\$ 78,189	\$ 33,510	\$ 44,679
Expense Analysis:							
Total Direct Expense		\$ 1,339,349			\$ 1,339,349	\$ 606,217	\$ 733,132
Percent of Total Program Expenses		100%			100%	45.3%	54.7%
Distribution of Support Services Expenses		1,215,617			1,215,617	550,675	664,942
Grand Total Program Expenses		\$ 2,554,966			\$ 2,554,966	\$ 1,156,892	\$ 1,398,074

See the Independent Auditors' Report on Supplementary Information



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Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
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**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Urban League of Greater New Orleans, Inc.

We have audited the financial statements of the **Urban League of Greater New Orleans, Inc. (the League)** (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated March 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **the League's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **the League's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **the League's** internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiency in internal control over financial reporting that we consider to be significant deficiency.

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

(CONTINUED)

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects **the League's** ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of **the League's** financial statements that is more than inconsequential will not be prevented or detected by **the League's** internal control. We consider the deficiency described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2009-01 to be significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by **the League's** internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurances about whether **the League's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

(CONTINUED)

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the League in a separate letter dated March 26, 2010.

This report is intended solely for the information and the use of the Board of Directors and the management of the Urban League of Greater New Orleans, Inc., and for filing with the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 26, 2010



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Urban League of Greater New Orleans, Inc.

Compliance

We have audited the compliance of the **Urban League of Greater New Orleans, Inc. (the League)** (a nonprofit organization) with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. **The League's** major federal programs are identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs. Compliance with the requirements of the laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **the League's** management. Our responsibility is to express an opinion on **the League's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by Comptroller General of the United States of America; and (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with these types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **the League's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **the League's** compliance with those requirements.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)**

In our opinion, **the League** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of **the League** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **the League's** internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **the League's** internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in **the League's** internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in **the League's** internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects **the League's** ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by **the League's** internal control. We consider the deficiency in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2009-01 to be significant deficiency.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

(CONTINUED)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by **the League's** internal control. We do not consider the deficiency described in the accompanying Summary Schedule of Findings and Questioned Costs to be a material weakness.

This report is intended solely for the information and the use of the Board of Directors and management of **the Urban League of Greater New Orleans, Inc.**, and for filing with the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

March 26, 2010

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

Section I - Summary of the Independent Auditors' Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? yes no

- Significant deficiencies identified
that are not considered to be
material weakness(es)? yes none reported

Noncompliance material to financial
statements noted?

yes no

Management letter comments

yes no

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified? yes no

- Significant deficiencies identified
that are not considered to be
material weaknesses? yes none reported

Type of auditor's report issued on
compliance for major programs:

Unqualified

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

Section I - Summary of Independent Auditors' Results, Continued

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133

yes no

Identification of major programs:

CFDA Number

Name of Federal Program

93.600

Early Head Start (Parent Child Center)

14.228

Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee:

yes no

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

Section II - Financial Statement Findings

2009-1 - Lack of Timely Preparation of Financial Statements

CFDA Title and Number

All programs as listed on the Schedule of Expenditures of Federal Awards.

Statement of Condition

The financial and compliance audit for the fiscal year ended June 30, 2009 was not completed until nine (9) months after year end. We noted that the same situation happened in the fiscal year 2008 audit and no corrective action was taken to prevent reoccurrence of such condition in current year in a timely fashion. **The League's** procedures do not facilitate timely preparation and supervisory review of unaudited compiled financial statements prepared by staff on an ongoing basis for accuracy and completeness. Although **the League** has hired a permanent accounting manager by October 2008, the changes and tremendous efforts involved took more time to effect due to inadequate controls over financial record keeping and preparation.

Criteria

Appropriate accounting procedures should exist and operate effectively to check the accuracy and internal integrity of accounting information in order to provide **the League** with the ability to prepare accurate and timely financial statements and also to facilitate timely completion of annual audits. The audited financial statements are expected to be submitted to the Legislative Auditor's office no later than six (6) months after year end.

Cause of Condition

Staff turnover and inadequate personnel resources contributed to lack of performing necessary procedures for timely preparation of financial statements.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

Effect of Condition

Significant errors can occur in the accounting process and not detected in a timely manner. Possible violation of compliance requirements pertaining to auditee's responsibilities and maintenance of books and records in accordance with OMB Circular A-133. Federal program funding may be withheld or terminated due to noncompliance with the audit requirements.

Questioned Costs

None

Auditors' Recommendation

The League should establish policies and procedures to ensure that financial statements are prepared and audited in a timely manner.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

Section III - Federal Award Findings and Questioned Costs

There were no significant deficiencies, material weaknesses and no instances of non-compliance that were required to be reported in accordance with Section 510(a) of OMB Circular A-133.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
STATUS OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Current Year's Reference Number</u>	<u>Resolved</u>	<u>Partially Resolved</u>
<u>Section II - Financial Statement Findings</u>			
2008-01 Internal Control - Financial Report	See Management Letter Comments		X
2008-02 Prior Year's Management Letter Comments		X	

**Section III - Federal Award Findings
and Questioned Costs**

2008-03 Unrecorded In-kind Contributions	N/A	X	
2008-04 Matching Contributions	N/A	X	
2008-05 Omitting Request to Carry Forward Funds	N/A	X	
2008-06 Suspension and Debarment Support Documentation	See Management Letter Comments	X	
2008-07 Internal Control Weakness Over Program Reporting	N/A	X	

Status of Prior Year's Comments to Management

See Independent Auditors' Comments to Management



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INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Officers and Board of Directors
Urban League of Greater New Orleans, Inc.

In planning and performing our audit of the financial statements of the **Urban League of New Orleans, Inc. (the League)** as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered **the League's** internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **the League's** internal control. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Accordingly, we do not express an opinion on the effectiveness of **the League's** internal control.

A control deficiency exists when the design or operation of a control does not allow, management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

During the course of our audit, we became aware of certain other matters that are opportunities for strengthening internal controls, improving operating deficiencies, and other conditions of **the League**. The following outlines our comments and recommendations regarding those matters:

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT,
Continued

2009-01 - Unadjusted Account Balances (Repeated and updated)

We noted unadjusted differences in the following accounts at June 30, 2009:

- o Release of temporarily restricted net assets from restriction;
- o Line of credit;
- o Promise to give; and
- o Grants receivable.

Recommendation

We recommend that management assess the current control procedures to ensure the proper reconciliation of account balances.

2009-02 - Report Submission (Repeated and updated)

Pursuant to the requirement of R.S. 24.513 annual audits shall be completed within six (6) months of the close of an entity's fiscal year. The audited financial statements for the League were submitted nine (9) months after year end with an approved extension request from the Legislative Auditor. The importance of meeting deadline cannot be overemphasized.

Recommendation

We recommend that the League implement the necessary procedures to ensure future compliance with State reporting deadlines and eliminate the need for future request for extensions for report submission.

2009-03 - Cost Allocation (Repeated)

While we noted significant improvements in the allocation of employee salaries and wages charged in whole or in part to the various grants and programs administered by the League, the allocation of administrative salaries to grants needs to be supported by time reports reflecting time actually devoted to the programs objectives.

Recommendation

We recommend that management of the League take steps to adequately support the allocation of costs allocable to its various grants and programs.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT,
Continued

2009-04 - Evidence of Verification of Compliance Requirement

During our testing of compliance with the award provision that individuals and/or firms paid with federal awards were not suspended or debarred from Federal participation, we noted no supporting documentation evidencing such verifications were made. Based on our discussion with the client, all employees and consultants were verified on the EPLS website, but not documented as generated and maintained. We noted nothing contrary to the evidence obtained based on our independent verifications.

Recommendation

We recommend that management consider implementing a logging system which documents the clearance of employees and/or consultants or that management request written documentation to avoid the appearance of noncompliance with suspension and/or debarment verification.

2009-05 - Use of Credit Cards

During the course of testing transactions, we noted that **the League** had a policy of allowing a master credit card to be used by five (5) individuals for the purchase of goods and services and travel related expenses. The following conditions relate to the use of **the League's** credit cards:

- Three (3) names of authorized users that should have been removed from the master card were not removed yet.
- Over \$7,000 of prior year transactions were not recorded as of the beginning of current fiscal year. There were no liabilities set up for the debt obligations as of June 30, 2009.
- Audit adjustments were proposed to correct the omission.

Recommendation

We recommend a need for evaluation of the current system in place with an aim toward implementing necessary policies and procedures to properly guard against the conditions noted.

STATUS OF PRIOR YEAR COMMENTS TO MANAGEMENT

	<u>Resolved</u>	<u>Unresolved</u>	<u>Reference</u>
Unadjusted account balances		X	Repeated in current year 2009-1
Improper documentation of deposit transactions	X		
Insufficient inventory schedules	X		
Unlocated Board of Director minutes	X		
Improper identification of expenses	X		
Cost Allocation		X	Repeated in current year 2009-03
Uncollateralized deposits	X		
Weak internal controls over documentation and recordation of matching contributions.	X		
Report Submission		X	Repeated in current year 2009-02

This letter does not affect our report dated March 26, 2010 on the financial statements of the League. We have already discussed these matters with various League personnel, and would be pleased to discuss these matters in further detail, to perform an additional study of these matters or to assist you in implementing the recommendations. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 26, 2010





Urban League of
Greater New Orleans

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Constance C. Willems, Esq.
Qiana A. Wilson

March 26, 2010

Bruno & Tervalon LLP, CPA's
4298 Elysian Fields Ave
New Orleans, LA 70122

Thank you for the observations and recommendations in the management letter that resulted from the FY 2009 financial statements and OMB Circular A-133 audit. We recognize that the observations and recommendations are part of the ongoing effort to continually improve the accounting and financial reporting of the Urban League of Greater New Orleans, Inc. and to ensure that our administration of Federal Grants and contracts is in compliance with applicable OMB Circulars. The following responses are to the observations and recommendations noted in the management letter.

2009-1 - Unadjusted Account Balances:

During our testing of account balances, we noted the following major accounts were unadjusted at June 30, 2009:

- Release of temporarily restricted net assets from restriction;
- Line of Credit
- Promises to give; and
- Grants receivable

Recommendation:

We recommend that management assess the current control procedures and make every effort to address, if not eliminate, the cited condition.

Management Response:

A Temporary Restricted Net Asset Roll-forward Schedule has been created to identify all subsequent funding streams that have been restricted either due to purpose or time limitations. At the end of each fiscal year the release from restriction will be reclassified according to the period that the release occurred. Grants receivable and promise to give balances will be reconciled on a monthly basis in accordance with the League's monthly close process and balances deemed uncollectible will be written off. Detailed subsidiary analyses of grant receivables are reviewed monthly by the Budget and Finance committee and agency management.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC
MANAGEMENT LETTER RESPONSE- INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT

2009-2- Report Submission:

Pursuant to the requirement of R.S. 24.513 annual audits shall be completed within six months of the close of an entity's fiscal year. The audited financial statements for the League were submitted thirty days within an approved extension request from the Legislative Auditor. This condition represents noncompliance with requirements of Revised Statute 24:513.

Recommendation:

We recommend that the League implement the necessary procedures to ensure future compliance with State reporting deadlines and eliminate the need for future request for extensions for report submission.

Management's Response:

Management concurs with this finding and has established an Audit Committee of the Board of Directors to assist with the selection of the independent audit firm, the monitoring of the corrective action plan of all findings, and to track the progress of all subsequent audits and reporting time tables to ensure that reports are filed within the prescribed requirements of R.S. 24.513. Management will ensure that all future audits are completed within the specified time period.

2009-3 - Cost Allocation

While we noted significant improvements in the allocation of employee salaries and wages charged in whole or in part to the various grants and programs administered by the League, the allocation of administrative salaries to grants needs to be supported by time reports reflecting time actually devoted to the programs objectives.

Recommendation:

We recommend that management of the League take steps to adequately support the allocation of costs allocable to its various grants and programs.

Management's Response:

Management will allocate employee salaries and benefits in accordance with grant contract stipulations and accompanying approved budgets. Additionally management is working to implement Time and Effort certifications as a part of biweekly time sheet submission to ensure that the allocation of administrative salaries to grants is adequately supported.

2009-4 – Evidence of Verification of Compliance Requirement

During our testing of compliance with the award provision that individuals and/or firms paid with federal awards were not suspended or debarred from Federal participation, we noted no supporting documentation evidencing such verifications were made. Based on our discussion with the client, all employees and consultants were verified on the EPLS website, but not documented as generated and maintained. We noted nothing contrary to the evidence obtained based on our independent verifications.

Recommendation:

We recommend that management consider implementing a logging system which documents the clearance of employees and/or consultants or that management request written documentation to avoid the appearance of noncompliance with suspension and/or debarment verification.

Management's Response:

Management will request that a verification of suspension and debarment print out is placed in the file of each employee and/or firm paid with federal awards.

2009-5 – Use of Credit Cards

During the course of testing transactions, we noted that the League had a policy of allowing a master credit card to be used by (5) individual for the purchase of goods and services and travel related expenses. The following conditions relate to the use of the League's credit cards:

- Three (3) names of authorized users that should have been removed from the master card were not removed yet.
- Over \$7,000 of prior year transactions were not recorded as of the beginning of the current fiscal year. There were no liabilities set for the debt obligations as of June 30, 2009.
- Audit adjustments were proposed to correct the omission.

Recommendation:

We recommend a need for evaluation of the current system in place with an aimed toward implementing necessary policies and procedures to properly guard against the conditions noted.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC
MANAGEMENT LETTER RESPONSE- INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT

Management's Response:

Management will revisit the current credit card policy and procedure, make necessary changes needed to guard against such conditions and ensure full implementation of the revised policy.

Thank you again for the opportunity to respond to the observations and recommendations. Should you have any questions or concerns regarding the management responses, please let me know.

Sincerely,



Nolan V. Rollins

President and CEO



March 26, 2010

Bruno & Tervalon LLP, CPA's
4298 Elysian Fields Ave
New Orleans, LA 70122

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Qiana A. Wilson

Dear Sirs,

The following is a corrective action plan addressing each finding included in the Urban League of Greater New Orleans, Inc. Financial and Compliance and Independent Auditors report for the fiscal year ended June 30, 2009.

Corrective Action Plan

In Response to Findings Relating to the Financial Statements

Year Ended June 30, 2009

Section II- Financial Statement Findings

Finding 09-01 Lack of Timely Preparation of Financial Statements

CFDA Title and Number

All programs as listed on the Schedule of Expenditures of Federal Awards.

Statement of Condition

The financial and compliance audit for the fiscal year ended June 30, 2009 was not completed until nine(9) months after year end. We noted that the same situation happened in the fiscal year 2008 audit and no corrective action was taken to prevent reoccurrence of such condition in current year in a timely fashion. The League's procedures do not facilitate timely preparation and supervisory review of unaudited compiled financial statements prepared by staff on an ongoing basis for occurrence and completeness. Although the League has hired a permanent accounting manager in October of 2008, the changes and tremendous efforts involved took more time to effect due to inadequate controls over financial record keeping and preparation.

Criteria

Appropriate accounting procedures should exist and operate effectively to check the accuracy and internal integrity of accounting information in order to provide the League with the ability to prepare accurate and timely financial statements and also to facilitate timely completion of annual audits. The audited financial

statements are expected to be submitted to the Legislative Auditor's office no later than six (6) months after year end.

Cause of Condition

Staff turnover and inadequate personnel resources contributed to lack of performing necessary procedures for timely preparation of financial statements.

Effect of Condition

Significant errors can occur in the accounting process and not detected in a timely manner. Possible violation of compliance requirements pertaining to auditee's responsibilities and maintenance of books and records in accordance with OMB Circular A-133. Federal program funding may be withheld or terminated due to noncompliance with the audit requirements.

Questions Costs

None

Auditors' Recommendation

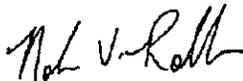
The League should establish policies and procedures to ensure that financial statements are prepared and audited in a timely manner.

Agency's Response:

We concur with this finding. The League has taken corrective action by implementing procedures to strengthen internal controls to ensure accuracy and reliability of financial statements through the monthly close and reconciliation process. The League is now providing timely interim and annual financial reports for review by the senior management, Budget and Finance Committee and the Board of Directors.

If you have any questions concerning this response, please contact Gizelle F. Johnson, Vice President of Finance at (504) 620-2332.

Sincerely,



Nolan V. Rollins
President and CEO